



The Commonwealth of Massachusetts

**DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY**

BAY STATE GAS COMPANY

D.T.E. 05-27

**EIGHTEENTH SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO
THE COMPANY**

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Bay State Gas Company ("Bay State" or "Company") the following set of Information Requests for response within SIX CALENDAR days of issuance:

- DTE 18-1 Please refer to Exh. BSG/SHB-1. The Company states "the activities of certain internal business groups, such as those responsible for information technology, are under consideration to be bid competitively to third party vendors of the same or similar services."
- A) Provide all analyses pertaining to the company's consideration of outsourcing any activities currently or formerly performed by the company during the previous three years.
 - B) Has the Company decided to out-source any of its activities since filing D.T.E. 05-27? If so, has the Company amended its filing to reflect any cost savings gained or additional costs accrued as a result of this outsourcing decision.
 - C) Provide all notices, including employee notices, pertaining to the Company's consideration and/or implementation of competitively bidding any operations and activities to third party vendors.
 - D) Specifically, has the Company decided to contract services performed the Company's local call center services? Detail how the Company's call centers will be staffed once this apparently proposed outsourcing activity is implemented. Detail all measures and safeguards the Company is implementing to protect consumer privacy and to protect against service quality degradation.

- DTE 18-2 Please refer to Exh. BSG/SHB-1. The Company states the “customer relations team is collaborating on innovative methods of improving billing, metering, and collections.”
- A) Summarize all changes the Company has implemented and/or considered in an attempt to improve billing, metering and collections activities since the start of the test year. In the summary, detail any cost savings that are gained or additional costs accrued as a result of each change. Also detail all safeguards the Company has implemented to protect against any possible degradation in service quality as a result of any changes in the Company’s billing, metering and collections activities.
- B) Provide any studies that have been performed analyzing the proposed or implemented changes to the Company’s billing, metering and collections activities.
- DTE 18-3 Refer to Exh. BSG/EMR-2, at 4-287. Explain why the Company anticipates a “modest level of negative net salvage” for Account 305 (Structures and Improvements).
- DTE 18-4 Refer to Exh. BSG/EMR-2, at 4-290. Please explain why the Company has included land rights (Account 374, Rights of Way) in the depreciation study as a depreciable asset.
- DTE 18-5 Refer to Exh. BSG/EMR-2, at 4-306. For Account 390 (Structures and Improvements), please explain how a life span of 45 years was developed.
- DTE 18-6 Refer to Exh. BSG/EMR-2, at 4-307. Please provide the Company’s historical salvage data for Account 391.1 (Office Furniture and Equipment) for the years 1980 through 2003.
- DTE 18-7 Refer to Exh. BSG/EMR-2, at 4-307. Please explain why the Company is achieving a less than one percent positive salvage value for retired plant in Account 391.1 (Office Furniture and Equipment).
- DTE 18-8 Refer to Exh. BSG/EMR-2, at 4-308. For Account 391.2 (Computer and IT Equipment), please explain why is there a zero percent expected future net salvage value.

- DTE 18-9 Refer to Exh. BSG/EMR-2, at 4-478. Please explain the cost of removal experienced for retired plant in Account 366 (Structures and Improvements) during the year 1999.
- DTE 18-10 Refer to Exh. BSG/EMR-2, at 4-481. For Account 390 (Structures and Improvements), please explain the \$10,500 in removal costs experienced in 2001.
- DTE 18-11 Refer to Exh. BSG/SAB-1, at 25, line 10. Is it the Company's position that its average hourly salary including bonus being three percent higher than the industry average for the Northeast is justified?
- DTE 18-12 Refer to Exh. BSG/SAB-1, at 25, line 18. Please explain how the Company determined the "market range" to be from 75 percent to 125 percent of the competitive market median.
- DTE 18-13 Refer to Exh. BSG/SAB-1 at 43, line 17-18. Provide complete and detailed information regarding the estimated 20.3 percent increase in the Company's dental coverage obligation.
- DTE 18-14 Refer to Exh. BSG/SAB-5. Please explain why the Total Cash Compensation for the Company's Financial Analyst 2 position is significantly higher than the Total Cash Compensation of a Financial Analyst 2 for "All Industries in Boston."
- DTE 18-15 Refer to Exh. BSG/SAB-6. Please explain why the Total Cash Compensation for the Company's Safety Supervisor/Manager position is significantly much higher than the Total Cash Compensation of a Safety Supervisor/Manager for Northeast Utilities.
- DTE 18-16 Refer to Exh. BSG/SAB-6. Please explain why the Total Cash Compensation for the Company's Rate Analyst position is significantly much lower than the Total Cash Compensation of a Rate Analyst for Midwest Utilities.
- DTE 18-17 Please refer to the attachment to this question, which is Exhibit KLZ-1 submitted by Berkshire Gas Company to the Department in its rate case, D.T.E. 01-56 (2002). Using the attachment as an template, please complete a Terms and Conditions document that describes the Terms and Conditions of the Company's proposed PBR.
- DTE 18-18 Refer to Exh. BSG/SHB-1, at 38-40. Assuming that the Department rejects the steel infrastructure replacement ("SIR") component of the annual base rate

adjustment mechanism, would the Company file for a base rate increase given the indicated level of annual incremental capital expenditures committed under the SIR program? If yes, would such base rate filing(s) occur within the five-year term of the performance-based regulation (“PBR”) plan proposed by the Company ?

- DTE 18-19 Refer to the Company’s response to Information Request AG-2-01. Please describe the data labeled as “Cor” under column O of Attachment AG-02-01.
- DTE 18-20 Refer to the Company’s response to Information Request AG-2-14, Attachment AG-2-14(a) at 1. Please describe with supporting documentation the point system in the bare steel replacement database used to prioritize the replacement of steel mains. Explain whether this point system would still be used in the SIR program.
- DTE 18-21 Please explain any changes in the manner in which the Company will comply with 220 C.M.R. § 113 (Operation, Maintenance, Replacement, and Abandonment of Cast-Iron Pipelines) with the implementation of the SIR program.
- DTE 18-22 Refer to the Company’s response to Information Request AG-2-32. Please provide any supporting documentation for the indicated useful life (over 40 years) and ranges of age of facilities (typically between 45 and 80 years old, with the majority between 50 and 65 years old) slated for replacement under the Company’s SIR program.
- DTE 18-23 Please refer to the Company’s response to Information Request AG-2-33.
- (A) Identify the source(s) of the data shown in Attachment AG-2-33;
 - (B) Describe the independent and dependent variables used for each of the regression analysis shown on pages 1, 2, 4, 5, and 6 in Attachment AG-2-33 and provide the summary of statistical output for each regression analysis performed;
 - (C) Define with illustrative examples “bell joint” leaks, as shown in Attachment AG-2-33, at 7 and 8, and relate or differentiate this type of leaks with corrosion leaks; and
 - (D) Define with illustrative examples “outside force” leaks, as shown in Attachment AG-2-33, at 9 and 10, and relate or differentiate this type of leaks with corrosion leaks.

- DTE 18-24 Refer to the Company's response to Information Request AG-2-33. Please provide a similar set of analyses for Lawrence and for Springfield.
- (A) Identify the source(s) of data used in the analyses;
 - (B) Describe the independent and dependent variables used; and
 - (C) Provide the summary statistical output for each regression analysis performed.
- DTE 18-25 Refer to Exh. BSG/SHB-1, at 38. Please explain, in detail, the proposed financing for the 10-15 year steel infrastructure replacement program.
- DTE 18-26 Refer to Exh. BSG/JES-1, Sch. JES-17, at 9-10. Because the steel infrastructure replacement costs represent incremental capital expenditures, please explain whether any carrying charges and rate of return allowed by the Department should be calculated on an incremental cost basis, versus the embedded cost of capital.

DATED: June 20, 2005